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Keva's interim report 1 January to 31 March 2021

Keva reports strong start to the year

Keva, which is responsible for the funding of local government pensions and the investment of pension funds, reported a return of 5.1% on investments for the first quarter. At the end of March, Keva's investments had a market value of EUR 60.9 billion compared to EUR 50.2 billion a year earlier.

Keva CEO **Timo Kietäväinen** considers that the return on investments for the first quarter and the increase of more than EUR 10 billion in the value of investments compared to last year, to be very good. He thinks that massive stimulation has kept the markets buoyant.

"Earnings-related pension providers are long-horizon investors and that what counts is the real return over the long term. At Keva, this is at a good level and represents the top in the sector," Kietäväinen says.

"Reform of Keva also continued during the first quarter. Services have been further developed, there has been a significant rise in the number of participants in customer events, customer feedback has been at a good level and pension contribution income has continued to grow," Kietäväinen sums up the picture in the early part of the year.

Keva's investment operations generated a market value return of 5.1% for the first quarter. The return was 9.7% on listed equities, 7.3% on hedge funds and 7.1% on private equity investments. Real estate investments (including real estate funds) generated a return of 0.7% and fixed income investments 0.1%.

Keva's long-term return on investments is at a good level. The capital-weighted real return in investments since funding started in 1988 to the end of March 2021 was 4.2% a year. The average real return, excluding capital weighting, over the same period was 5.4%. The real return excluding capital weighting over the past five years has been 6.0% and the ten-year real return 5.5%.

Fixed income investments (including the impact of derivatives) accounted for 33.8% of Keva's entire investment portfolio and listed equities and equity funds for 41.8%. Of the smaller asset classes, private equity investments accounted for 12.0%, hedge funds for 6.3% and real estate investments for 6.2% of the portfolio.

Keva CIO **Ari Huotari** says that as expected the year got off to a positive start on the capital markets as they continued to be supported by massive support measures from central banks.

"Despite this, the start of the year was overshadowed by concerns about the smooth transition of the US administration and, of course, the effects of the corona pandemic. In practice, the flow of cash that continues to flood the markets has eased – or perhaps rather postponed – these concerns for the time being," Huotari notes.

21.4.2021

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The figures in this release are unaudited.